June 2002

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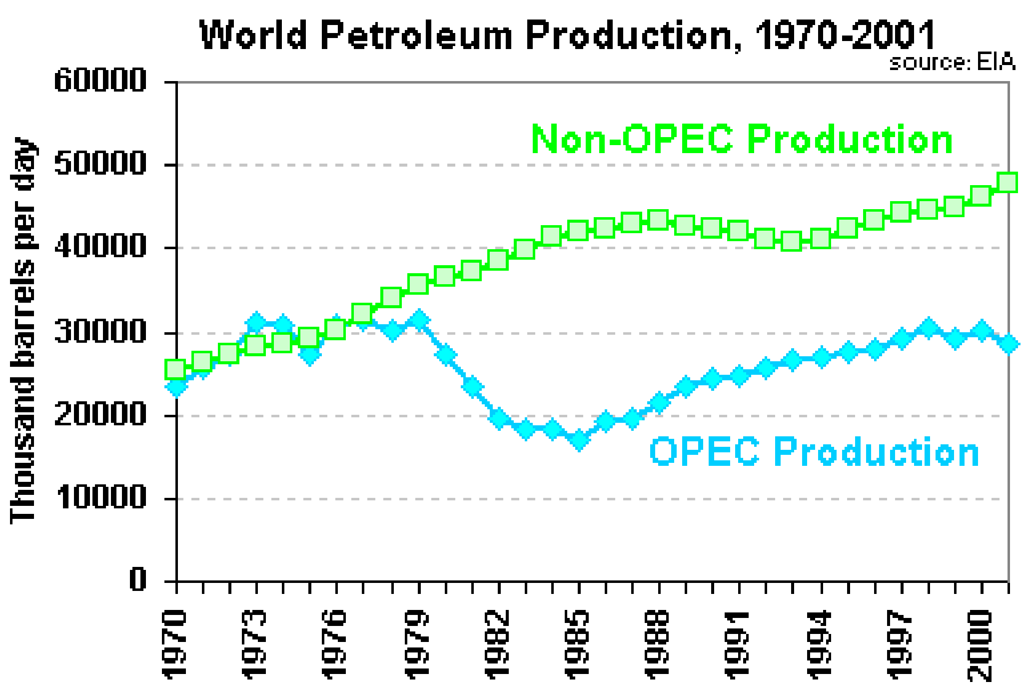
Non-OPEC Fact Sheet

OPEC VS. NON-OPEC: THE BASICS

Non-OPEC countries produced 62% of the world's oil in 2001. Since 1970, non-OPEC production as a share of world production reached a high of 71% in 1985 and a low of 48% in 1973, with a 61% average.



Organization of Petroleum Exporting Countries (OPEC) member countries include: Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela. Members share some key characteristics that allow them, as a group, to have a significant influence on world oil markets, despite their lack of monopoly over world oil production:

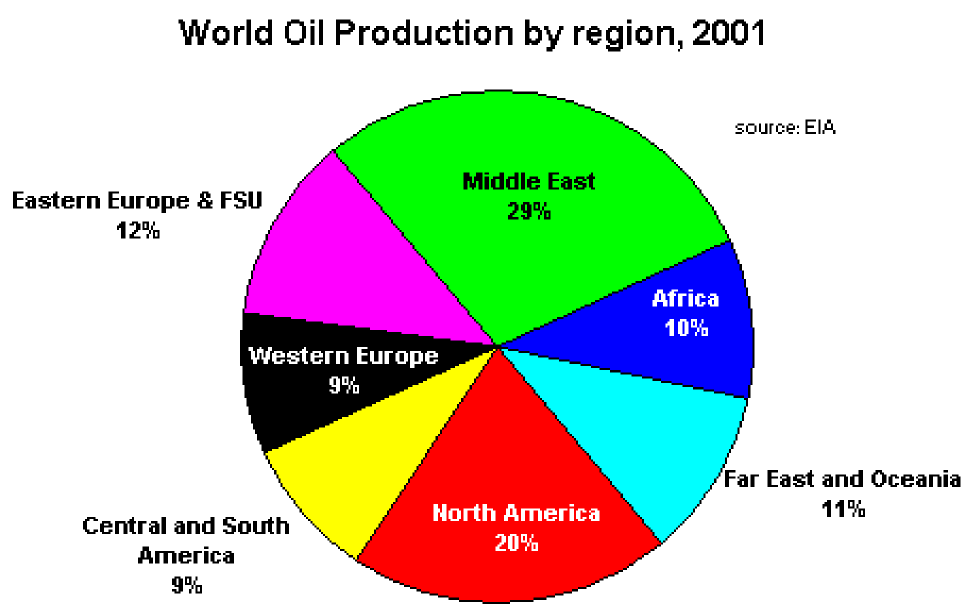
- Members are important world oil *exporters* ; they are very large producers and very small consumers. Not counting Indonesia, members' net exports averaged 85% of total oil production in 2001. Hence, members' interests are very different from most non-OPEC countries, even some non-OPEC countries that are large oil producers, such as the United States (which is the world's largest producer, consumer, and importer).
- Members' oil industries are mostly nationalized, allowing OPEC members' political establishments to increase or decrease oil production. Through managing world oil supply, OPEC can work to increase or decrease world oil prices to help meet the group's economic and/or political goals. Member governments tend to rely heavily on oil revenues.
- The lion's share of the world's spare oil production capacity lies in OPEC countries. Non-OPEC countries hold approximately a combined 500,000 barrels per day (bbl/d) of spare oil production capacity at any given time, while OPEC spare production capacity estimates for 2002 are as high as 8 million bbl/d (including Iraq).
- According to January 2002 estimates, 80% of proven world crude oil reserves are located in OPEC member countries.
- Production, or "lifting" costs are far lower in OPEC countries than in most non-OPEC countries. Prolonged periods of low oil prices make the world more reliant on cheaper-to-produce OPEC oil.

In contrast to OPEC countries, non-OPEC countries share the following characteristics:

- Most non-OPEC countries are net oil importers. Of the 96 non-OPEC countries for which EIA keeps data, 67 (71%) were net oil importers in 2001. Even large producers can also be large importers. The seven largest non-OPEC producers' 2001 net exports averaged 15% of total oil production.

- Because most major non-OPEC countries have private oil sectors (Mexico is one noteable exception), the political establishment generally has very little control over production levels. Companies react to international price expectations, exploring and drilling more and in higher cost areas when prices are high, and focussing on lower-cost production when prices are low.
- Private companies do not hold in profitable production, and keep very little spare production capacity. Hence, in the case of a significant world oil production disruption, OPEC (rather than private oil companies) would be the primary immediate source of additional oil to displace the loss.
- Non-OPEC lifting costs tend to be higher than OPEC lifting costs, which makes non-OPEC production more vulnerable to price collapses. Prolonged periods of low prices can drive higher cost producers out of business, and make major oil companies focus less on higher cost areas.

WORLD OIL PRODUCTION



The world's oil supply comes from a wide variety of sources. While the Middle East (home to the largest OPEC producers) was the largest producing region in 2001 with 29% of total world production, North America accounted for 20%, with the remaining 51% dispersed fairly evenly throughout the globe. OPEC member countries together accounted for almost 40% of world production in 2001.

Of the the fourteen countries that produced more than 2 million barrels per day in 2001, seven were OPEC members. The remaining seven were not OPEC members, including: the United States (the world's largest total oil producer for the year), Russia, Mexico, China, Canada, and North Sea countries Norway and the United Kingdom.

Of the world's top net exporters, however, OPEC countries are more strongly represented. Nine of the twelve countries exporting more than one million barrels per day in 2001 were OPEC members. Russia, Norway, and Mexico are the world's largest non-OPEC exporters. The U.S. is the world's largest importer. China is also a net importer, while Canada and the United Kingdom are smaller net exporters. (Note: EIA does not have data for worldwide *gross* exports, and figures *net* exports from production and consumption data.)

Top World Oil Producers, 2001*
(OPEC members in italics)

	Country	**Total Oil Production (million barrels per day)**
1)	United States	9.02
2)	*Saudi Arabia*	*8.73*
3)	Russia	7.29
4)	*Iran*	*3.82*

Top World Oil Net Exporters, 2001*
(OPEC members in italics)

	Country	**Net Oil Exports (million barrels per day)**
1)	*Saudi Arabia*	*7.38*

5)	Mexico	3.59
6)	Norway	3.41
7)	China	3.30
8)	*Venezuela*	*3.07*
9)	Canada	2.80
10)	United Kingdom	2.59
11)	*Iraq*	*2.45*
12)	*United Arab Emirates*	*2.42*
13)	*Nigeria*	*2.26*
14)	*Kuwait*	*2.15*

*Table includes all countries total oil production exceeding 2 million barrels per day in 2001.

2)	Russia	4.76
3)	Norway	3.22
4)	*Iran*	*2.74*
5)	*Venezuela*	*2.60*
6)	*United Arab Emirates*	*2.09*
7)	*Nigeria*	*2.00*
8)	*Iraq*	*2.00*
9)	*Kuwait*	*1.80*
10)	Mexico	1.65
11)	*Libya*	*1.24*
12)	*Algeria*	*1.24*

*Table includes all countries with net exports exceeding 1 million barrels per day in 2001.

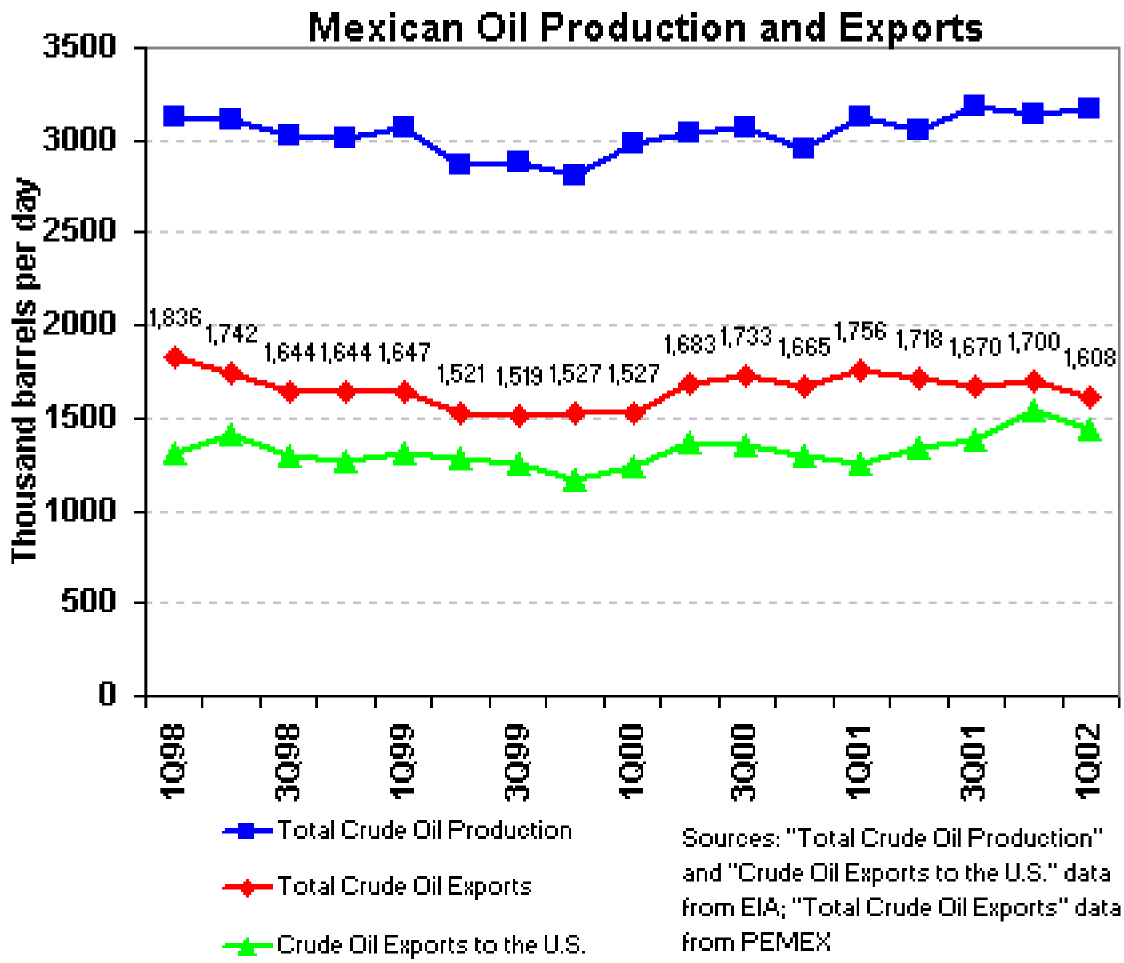
Non-OPEC production is expected to rise the next 1-3 years, with the greatest increases in the former Soviet Union (FSU), including Russia and the states bordering the Caspian Sea; and in North America, with Mexico, Canada, and the United States all expected to grow (view a table of world production data).

PRODUCTION COORDINATION WITH OPEC?

A few non-OPEC countries that share some traits of OPEC countries sometimes coordinate production policies with OPEC. While non-OPEC production restrictions are often very small, the participation of these non-member countries can make member countries more likely to maintain their own output restriction policies. Therefore, non-OPEC coordination with OPEC often carries a significance beyond what the output data might imply.

Mexico

Mexico has had more involvement with OPEC than any other major non-OPEC oil producing country. Since 1997, Mexico has attended most of OPEC's meetings (more than any other non-OPEC country). Mexico has made seven pledges to restrict exports since 1997. Mexico was a key player in organizing OPEC's 1998 production cuts, as Mexican officials negotiated between OPEC members Saudi Arabia and Venezuela (these countries had been at odds over production agreements). Like OPEC member countries, Mexico's oil sector is in public hands, with 100% government-owned PEMEX as the only oil company in Mexico. This allows the government to control oil production and export decisions. Mexico's output restrictions generally apply to *exports*



rather than total production, and PEMEX data show that the targets are usually kept.

Announcements of intentions to cut production and/or exports include:

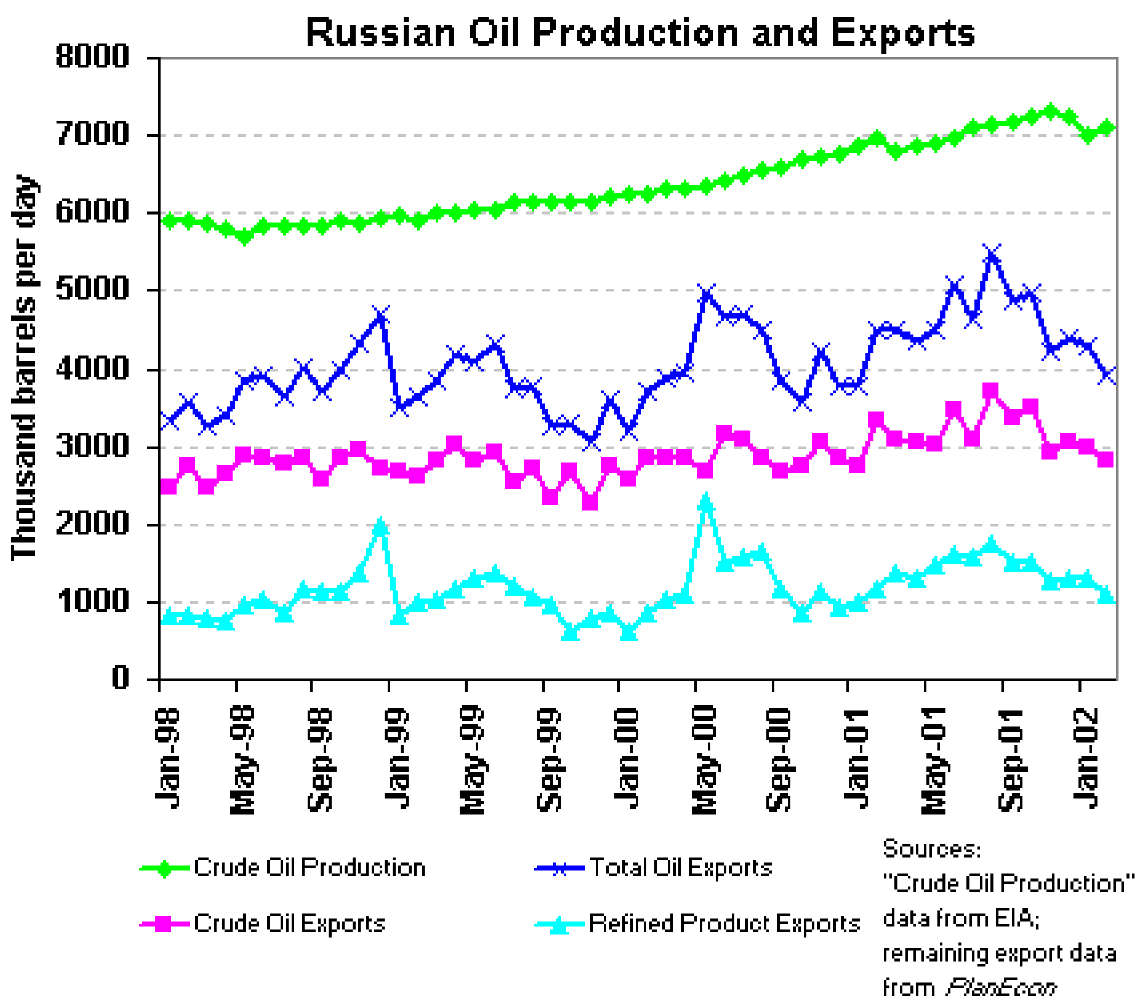
- **100,000 bbl/d cut, second quarter 1998:** After meetings with Saudi Arabia, Venezuela, and other top oil producers, Mexico announced intentions to lower its second quarter 1998 exports by 100,000 bbl/d from first quarter 1998 levels. It is unclear exactly what date this cut became effective.
- **100,000 bbl/d cut, effective July 1, 1998:** At OPEC's 105th meeting, it was announced that Mexico would cut an additional 100,000 bbl/d of exports, in addition to its second quarter reduction commitment. The cut remained effective until April 1999.
- **125,000 bbl/d cut, effective April 1, 1999:** OPEC announced at its 107th meeting that Mexico had agreed to a 125,000 bbl/d export cut. Mexico's Oil Minister Luis Tellez announced that Mexico's new export target would be 1.52 million bbl/d, down about 125,000 bbl/d from the previous pledge of 1.644 million bbl/d.
- **75,000 bbl/d cut, effective February 1, 2001:** Shortly after OPEC's 113th meeting, at which the group decided to cut output by 1.5 million bbl/d, Mexico announced that it would restrict exports to 1.75 million bbl/d, 75,000 bbl/d less than its previously stated export target of 1.825 million bbl/d.
- **40,000 bbl/d cut, effective April 1, 2001:** A few days after OPEC's 114th meeting, at which the group decided to cut production by 1 million bbl/d, Mexico announced that it would cut exports in support of OPEC. The resulting export target was 1.71 million bbl/d, 40,000 bbl/d lower than March export levels.
- **70,000 bbl/d cut, effective August 2001:** Prior to OPEC's July 2001 conference call, in which the group decided to cut 1 million bbl/d as of September 1, 2001, Mexico announced a 70,000 bbl/d cut. (This cut announcement came in conjunction with Mexico's force majeure on Maya crude exports, as Mexico's huge Cantarell oil field was down for

maintenance. After OPEC's July decision, Mexico stated that the decrease in production and exports caused by the maintenance at the field would be sufficient to support OPEC production policies, and that no further, separate production/exports cuts from Mexico would be necessary.)

- **100,000 bbl/d cut, effective January 2002:** Following OPEC's November 14, 2001 meeting, at which the group called for non-OPEC production cuts of 500,000 bbl/d, Mexico pledged to cut exports by 100,000 bbl/d, contingent upon other producers' simultaneous cuts. Mexico announced an export target of 1.56 million bbl/d, effective through the first half of 2002. Data show that this target was exceeded by about almost 50,000 bbl/d in the first quarter of 2002, giving Mexico a significantly better compliance track record than OPEC countries.

Russia

Russia has attended many of OPEC's meetings since 1997 and has made three commitments to reduce production and/or exports in coordination with OPEC. Russia was the world's largest oil producer until oil production collapsed in



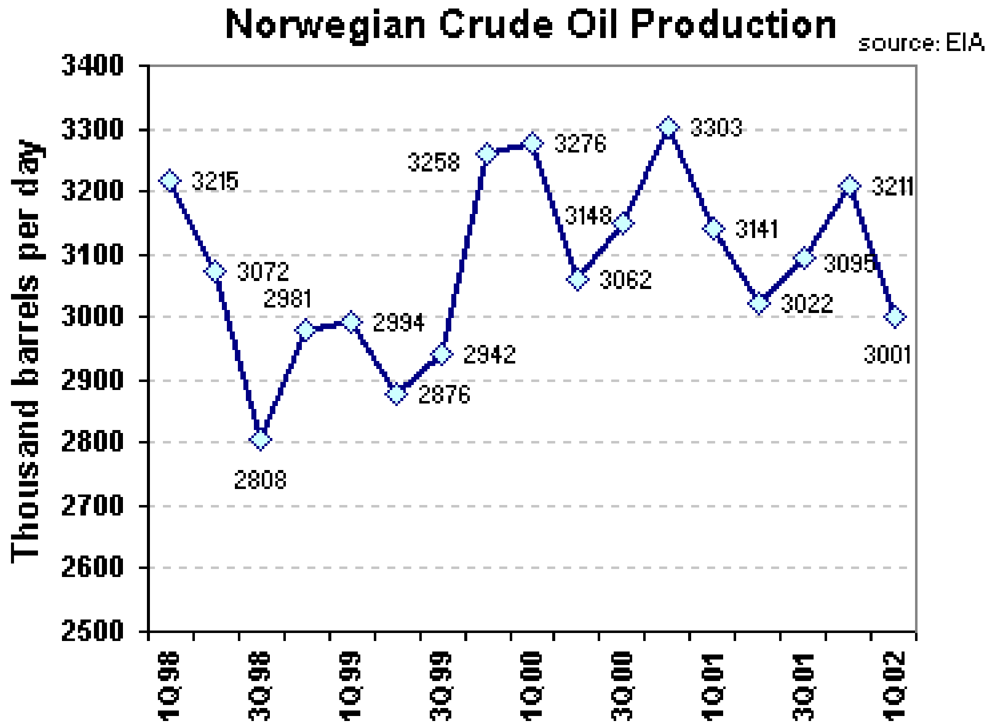
1992. Production has rebounded since 1998, and the country soon could be in a position to regain its status as the leading global producer. Oil production in Russia is mostly in the hands of the private sector, while government-owned Transneft controls the pipeline network.

There is often considerable ambiguity regarding whether Russia's reduction pledges are for production or export cuts. It is also unclear from what level of production Russia intends to cut, or for how long.

Announcements of intentions to cut production and/or exports include:

- **100,000 bbl/d cut, effective July 1, 1998:** At OPEC's 105th meeting, OPEC announced that Russia had agreed to cut 100,000 bbl/d.
- **100,000 bbl/d cut, effective April 1, 1999:** At OPEC's 107th meeting, OPEC announced that Russia had agreed to cut 100,000 bbl/d.
- **150,000 bbl/d cut, effective January 2002:** At OPEC's 118th meeting, the group decided to cut its production by 1.5 million bbl/d, contingent upon a non-OPEC agreement to cut 500,000 bbl/d of production. On December 5, 2001 Russia announced that it would reduce oil "shipments" by 150,000 bbl/d for the first quarter of 2002. This verbal commitment to cut was extended through the second quarter.

Norway



Norway does not generally participate in OPEC meetings, but the world's third-largest exporting country has adjusted its production in coordination with OPEC on three occasions since 1998. While the Norwegian oil sector historically has been state-dominated through 100% state-owned Statoil and majority state-owned Norsk Hydro, major restructuring is augmenting the role of the private sector. Norsk Hydro is no longer majority state-owned, and the Norwegian government began selling shares of Statoil in the spring of 2001. Additionally, many private international oil companies are active in Norway.

Because Norway is an extremely small oil consumer, its reduction commitments affect production rather than exports (the domestic market would not be large enough to absorb extra production resulting from shut-in exports).

Announcements of intentions to cut production include:

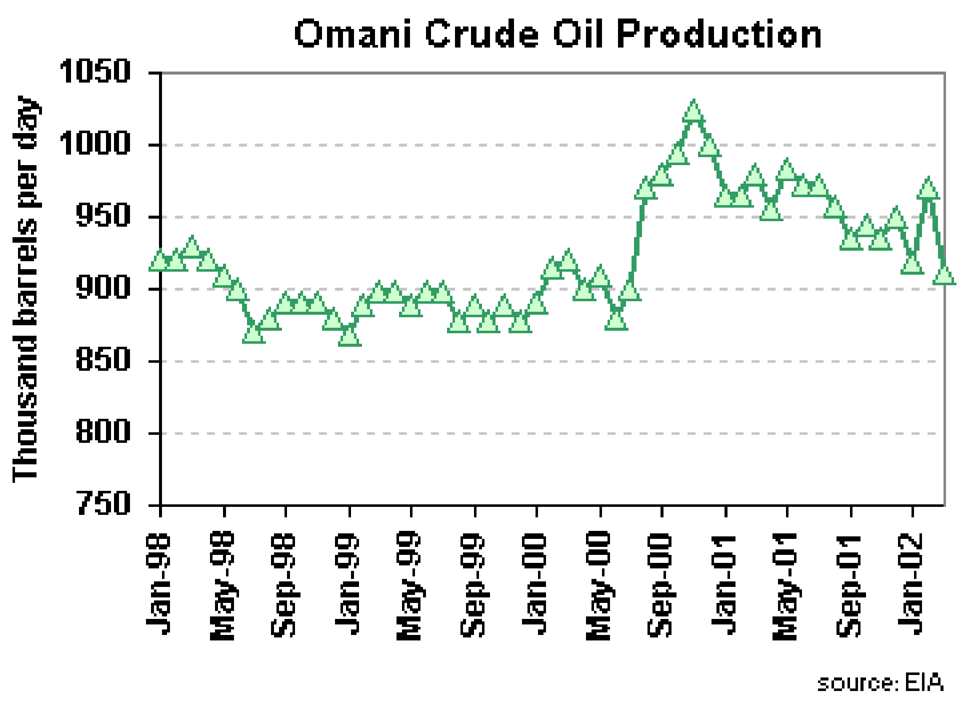
- **100,000 bbl/d cut, effective May 1, 1998:** After private meetings between Norway and other top oil producers, Norway announced a production cut that remained effective through April 1999.
- **100,000 bbl/d cut, effective April 1, 1999:** Norway met with major world oil producers, including many OPEC members, in early March 1999 in The Hague, Netherlands. After this meeting, Norway announced

its production cut. At OPEC's 109th meeting later that month, the group announced its own cut, as well as Norwegian, Russian and Omani cuts. Norway stipulated that its cut would come from the annual government production projection (3.2 million bbl/d), rather than from existing production. The cuts were to last through the first quarter of 2000.

- **150,000 bbl/d cut, effective January 2002:** After OPEC's November 14, 2001 decision to make its 1.5 million bbl/d production cut contingent upon non-OPEC pledges to cut production by 500,000 bbl/d, Norway announced on December 17, 2001 that it would cut production by 150,000 bbl/d. Norway made its cut contingent upon other OPEC and non-OPEC producers following through with their reduction commitments. The cut comes from the government's annual forecast for total Norwegian production of 3.17 million bbl/d, trimmed to 3.02 million bbl/d for the first half of 2002. In both the first and second quarters of 2002, Norway produced at above-target levels for the first two months of the quarter. Then, in the third months of the quarters (March and June), production was ramped down and fields were taken offline in order to meet the target.

Oman

Oman is a smaller Persian Gulf oil producer that has attended most of OPEC's meetings in the last few years. Since 1997, Oman has made three commitments to reduce production, in cooperation with OPEC. State-controlled Petroleum Development Oman



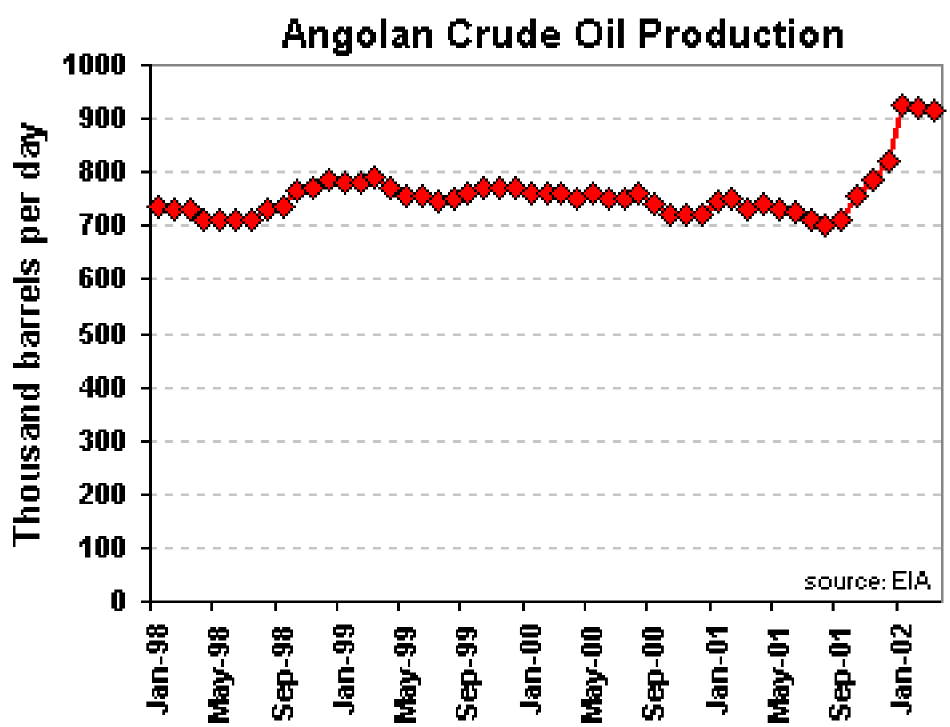
(PDO) dominates the country's oil sector.

Announcements of intentions to cut production and/or exports include:

- **50,000 bbl/d cut, effective July 1, 1998:** At OPEC's 105th meeting, OPEC announced that Oman had agreed to cut 50,000 bbl/d.
- **63,000 bbl/d cut, effective April 1, 1999:** At OPEC's 107th meeting, OPEC announced that Oman had agreed to cut 63,000 bbl/d.
- **40,000 bbl/d cut, effective January 2002:** After OPEC's November 14, 2001 decision to make its 1.5 million bbl/d production cut contingent upon non-OPEC pledges to cut production by 500,000 bbl/d, Oman announced that it would cut production by 40,000 bbl/d.

Angola

Angola, sub-Saharan Africa's second-largest oil producer (behind OPEC member Nigeria), has attended a few of OPEC's recent meetings. Angola made its first-ever commitment to reduce production in December 2001, promising to cut 22,500 bbl/d. This decision came after OPEC's November 14, 2001 decision to make its 1.5 million bbl/d production cut contingent upon non-OPEC pledges to cut



production by 500,000 bbl/d. Angola's oil production began to rise in late 2001, with the start up of its new Girassol field.

WORLD OIL CONSUMPTION

Of the 76.0 million bbl/d of oil that the world consumed in 2001, OPEC countries together consumed about 5.8 million bbl/d, or 8%. Most of the world's largest oil consumers are also net oil importers. Of the world's top ten oil consumers in 2001, only Russia and Canada were net oil exporters. Brazil, the world's sixth-largest consumer, imported about 560,000 bbl/d. The remaining top consumers also are listed as the world's largest oil importers.

Top World Oil Consumers, 2001*

	Country	**Total Oil Consumption (million barrels per day)**
1)	United States	19.7
2)	Japan	5.4
3)	China	4.9
4)	Germany	2.8

Top World Oil Net Importers, 2001*

	Country	**Net Oil Imports (million barrels per day)**
1)	United States	10.8
2)	Japan	5.4
3)	Germany	2.7

5)	Russia	2.5
6)	Brazil	2.2
7)	South Korea	2.1
8)	France	2.0
9)	Canada	2.0
10)	India	2.0

*Table includes all countries that consumed more than 2 million bbl/d in 2001.

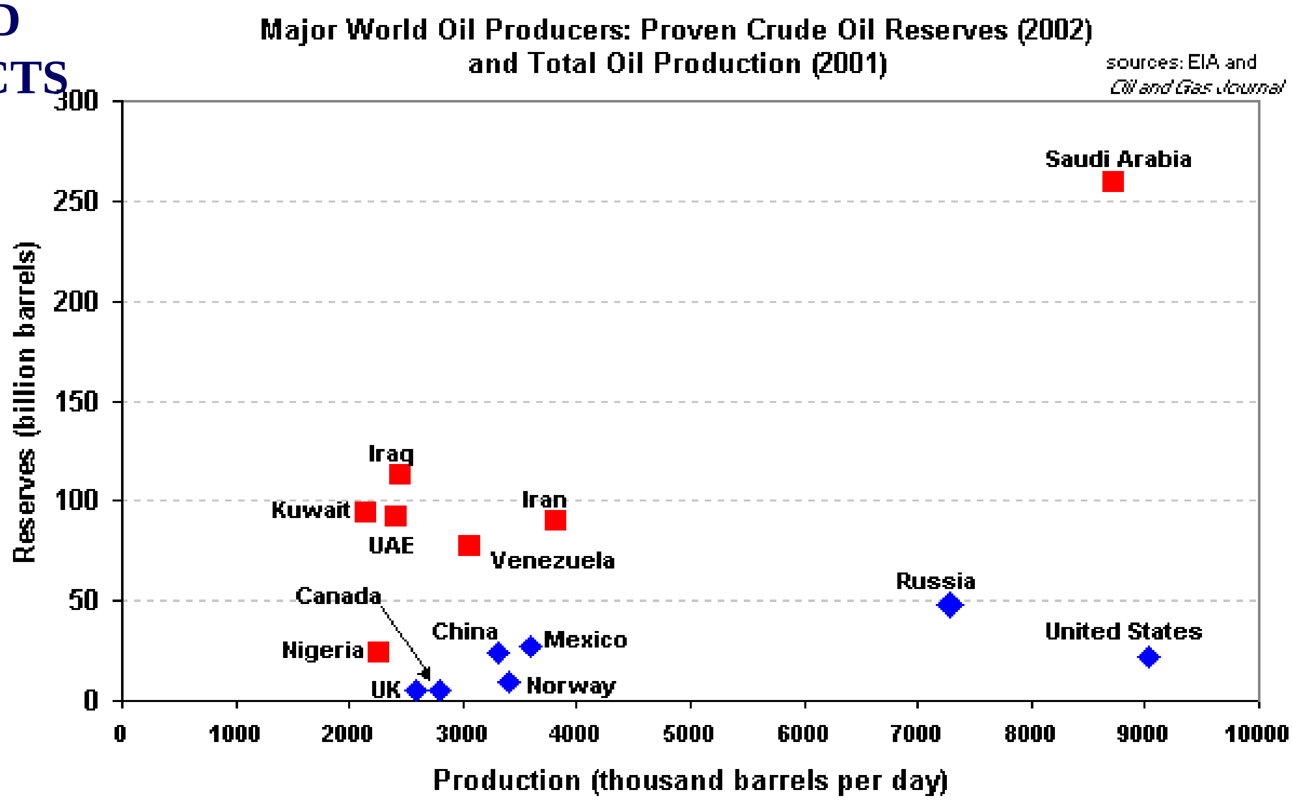
4)	South Korea	2.1
5)	France	2.0
6)	Italy	1.7
7)	China	1.6
8)	Spain	1.5
9)	India	1.3

*Table includes all countries that imported more than 1 million bbl/d in 2001.

PROVEN CRUDE OIL RESERVES

The location of proven world crude oil reserves is far more concentrated in OPEC countries than current world oil production. Of the world's 1.03 trillion barrels of proven reserves, 819 billion barrels (80%) are held by OPEC. Because non-OPEC countries' smaller reserves are being depleted more rapidly than OPEC reserves, their overall reserves-to-production ratio -- an indicator of how long proven reserves would last at current production rates -- is much lower (about 15 years for non-OPEC and 80 years for OPEC). This implies increased OPEC production as a proportion of world production over the long term.

REFINED PRODUCTS



As of January 2002, 72.7 million bbl/d of the world's 81.2 million bbl/d of crude oil refinery capacity was located in non-OPEC countries. Countries with high petroleum demand tend to have large refinery capacities. The U.S. has far more refinery capacity than any other country, with 143 of the world's 732 refineries, and a crude oil refinery capacity of about 16.6 million bbl/d. Russia's refinery capacity stands at an estimated 5.4 million bbl/d. Japan (4.8 million bbl/d) and China (4.5 million bbl/d) are the only remaining countries with refinery capacities exceeding 3 million bbl/d.

There are several countries that are important to world trade in refined petroleum products despite very low (or non-existent) levels of crude oil production. For instance, Caribbean nations have very limited oil production (170,000 bbl/d in 2000), but refinery capacity of about 1.6 million bbl/d. Much of this refined product is exported to the United States. Other countries that are important sources of refined petroleum products yet have very limited domestic production include the Netherlands, South Korea, and Singapore.

LINKS

Links to other EIA information:
EIA International Petroleum Monthly (latest month)
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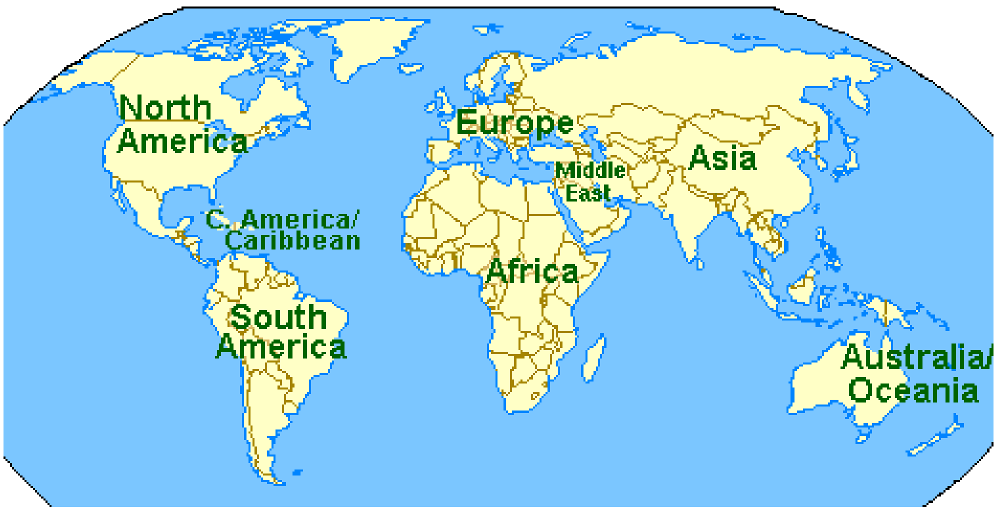

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